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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

DISCOVERORG, LLC,

     Plaintiff,

     v.

VALUELABS, INC.,

     Defendant.

Case No. 3:17-cv-6057

COMPLAINT

JURY DEMAND

COMPLAINT
[3:17-cv-6057]

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1   Plaintiff DiscoverOrg, LLC ("DiscoverOrg"), for its complaint against

2 ValueLabs, Inc. ("ValueLabs"), alleges as follows:

3   **PARTIES**

4   1.   DiscoverOrg is a Delaware limited liability corporation with its principal

5 place of business in Vancouver, Washington.

6   2.   ValueLabs is a California corporation with a principal place of business in

7 Telangana, India, and does business in the State of Washington.

8   **JURISDICTION AND VENUE**

9   3.   This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332,

10 as the parties are completely diverse in citizenship and the amount in controversy

11 exceeds $75,000, and separately under 18 U.S.C. §§ 1331 and 1338(a) and (b)

12 because DiscoverOrg asserts claims arising under Federal Law. This court also has

13 supplemental jurisdiction for the state law claims pursuant to 28 U.S.C. § 1367.

14   4.   This court has personal jurisdiction over ValueLabs, and venue is

15 properly laid in this district court pursuant to 28 U.S.C. § 1391 and 28 U.S.C.

16 § 1400(a), in that ValueLabs transacts business in this state and has committed

17 tortious acts within this state. See RCW 4.28.185. Additionally, on information and

18 belief, ValueLabs advertises its products and services within the State of

19 Washington, directs its products and services through the stream of commerce into

20 the State of Washington, or otherwise has sufficient minimum contacts with the

21 State of Washington so as to be subject to the personal jurisdiction of its courts.

22   **FACTS AND ALLEGATIONS**

23 **A.   DiscoverOrg's Database**

24   5.   DiscoverOrg is a provider of business-to-business ("b2b") marketing

25 data, which it delivers to clients via a password-secured, online graphical user

26 interface. DiscoverOrg uses technology, computers, and electronic communication

27 systems to provide subscribers with to its database of marketing information

28 profiling businesses in the United States and globally. DiscoverOrg has been

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1 recognized as an industry leader in sales and marketing intelligence. The depth,

2 breadth, and accuracy of DiscoverOrg's database is unrivaled in the marketplace.

3   6.   DiscoverOrg has made substantial investments in infrastructure and

4 resources to support its database and ensure that it is of the highest quality.

5 DiscoverOrg employee more than 150 research analysts focused on building,

6 managing, and updating DiscoverOrg's database, resulting in timely and

7 comprehensive data being made available to DiscoverOrg's clients. DiscoverOrg

8 has expended substantial labor, time, resources, effort, and money to select, gather,

9 collect, organize, generate, arrange, and disseminate the timely and continuously

10 updated information DiscoverOrg provides in its database. In total DiscoverOrg

11 employs more than 450 people and has made significant investment in developing

12 and purchasing software, hardware and other equipment to continuously update

13 and support the accuracy and comprehensiveness of its database. DiscoverOrg's

14 database exhibits DiscoverOrg's decisions and input as to the selection,

15 arrangement, orchestration, compilation, and presentation of the organizational

16 charts, contacts, and other information collected and assembled by DiscoverOrg's

17 analysts.

18   7.   DiscoverOrg's database is valuable to companies like ValueLabs, who

19 seek detailed information to assist in their efforts to market their products and

20 services. DiscoverOrg has licensed subscription access to its database to over 2,000

21 companies, who pay licensing fees for the right to access and use DiscoverOrg's

22 database.

23   8.   The value of DiscoverOrg's database is related to and dependent upon

24 its proprietary and non-public nature. Accordingly, DiscoverOrg takes steps to

25 protect the security of the information contained in its database. For example,

26 DiscoverOrg limits access to its database to only authorized users pursuant to

27 restrictive license agreements, which limit the number of users who have access to

28 DiscoverOrg's database. DiscoverOrg password protects access to its database, and

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1 utilizes mail monitoring and list protection to further secure and ensure the

2 integrity of DiscoverOrg's database.

3   9.   DiscoverOrg's proprietary system, database, data, graphical user

4 interface, and other valuable business information and online elements are

5 protected by various laws and provisions, including but not limited to copyright,

6 trade secret, and contract, among other laws.

7 **B.   Business Discussions between ValueLabs and DiscoverOrg**

8   10.   As early as 2015, there have been communications between

9 representatives of DiscoverOrg and representatives of ValueLabs regarding the

10 possibility of a license agreement pursuant to which ValueLabs would acquire a

11 license to portions of DiscoverOrg's database. In 2016, ValueLabs representatives

12 were granted a free trial license as part of an evaluation, which DiscoverOrg

13 provided (the "2016 Trial"). Pursuant to the 2016 Trial, ValueLabs was provided

14 with 4 "Authorized User" accounts with access to portions of DiscoverOrg's

15 database. The 2016 Trial went from June 23, 2016 to June 30, 2016. ValueLabs

16 opted not to acquire a paid license after the 2016 Trial. After the 2016 Trial,

17 ValueLabs continued to demonstrate interest in DiscoverOrg's product by

18 participating in demonstrations, sales call and responding to outreach efforts. None

19 of these conversations ended with ValueLabs committing to acquiring a license.

20 **C.   ValueLabs's Wrongful Conduct**

21   11.   Instead of acquiring a paid license, ValueLabs, without authorization

22 from DiscoverOrg, obtained and used passwords and login credentials issued to

23 other DiscoverOrg clients in order to access DiscoverOrg's proprietary information

24 and use it to sell ValueLabs products.

25   12.   Between April 2017 and now, ValueLabs accessed DiscoverOrg's

26 database via its online user interface, running searches and viewing the proprietary

27 information displayed therein. During that period, ValueLabs accessed at least

28 3,900 records. The information wrongfully accessed was commercially exploited by

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1   ValueLabs for its sales and marketing purposes, including conducting email

2   marketing campaigns using the misappropriated information.

3   13.   ValueLabs acted knowingly, intentionally, and willfully in accessing

4   DiscoverOrg's computer and electronic communication system without

5   authorization and in viewing and downloading DiscoverOrg's proprietary,

6   copyrighted information. ValueLabs circumvented DiscoverOrg's security system

7   and unlawfully accessed DiscoverOrg's database to gain the commercial benefit

8   thereof without compensating DiscoverOrg. ValueLabs's unauthorized use of

9   DiscoverOrg's proprietary information has furthered ValueLabs's financial interest

10   by facilitating identifying and contacting potential new customers and business

11   opportunities, among other uses, and ValueLabs has wrongfully profited therefrom.

12   14.   ValueLabs has further intentionally interfered with the contractual

13   relationship between DiscoverOrg and one or more licensees of DiscoverOrg's

14   data. ValueLabs knew that DiscoverOrg's data was non-public and proprietary and

15   subject to restrictive license agreements prohibiting transfer to third parties like

16   ValueLabs. Nevertheless, ValueLabs knowingly encouraged authorized users of

17   DiscoverOrg data to violate these license agreements by providing ValueLabs with

18   DiscoverOrg's proprietary data. ValueLabs did so to gain the commercial benefit of

19   DiscoverOrg's data without compensating DiscoverOrg. ValueLabs has wrongfully

20   profited from these activities and has harmed DiscoverOrg by diminishing the

21   market value of DiscoverOrg's database.

22   15.   At all relevant times, ValueLabs had a duty to train and supervise the

23   conduct of its employees and agents acting on its behalf. ValueLabs was negligent

24   in failing to train and monitor its employees and agents adequately and in failing to

25   have appropriate policies in place regarding unauthorized access to computer

26   systems, communication, storage networks, and copyrighted works and trade

27   secrets and/or failing to enforce such policies.

28   16.   All actions herein alleged to have been done by ValueLabs were, upon

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1 information and belief, performed by employees or other agents of ValueLabs

2 within the scope of their employment or other agency relationship with ValueLabs,

3 on ValueLabs's behalf, and for ValueLabs's benefit.

FIRST CLAIM FOR RELIEF

(Theft of Trade Secrets - 18 U.S.C. § 1832 et seq.)

6 17. DiscoverOrg incorporates herein by reference the allegations in

7 paragraphs 1 through 16.

8 18. DiscoverOrg gathers, organizes, generates, collects, and assembles in-

9 depth, commercially-valuable information (including reporting structures, contact

10 information, and other data) expending substantial time, labor, and expense.

11 DiscoverOrg's database and the information contained therein comprise a

12 compilation of business information. Information from DiscoverOrg's database is

13 used in interstate commerce.

14 19. The compilation of information in DiscoverOrg's database derives

15 independent economic value from not being generally known to, and not being

16 readily ascertainable through proper means by, those who are not licensed by

17 DiscoverOrg to access the database. Non-licensees can obtain economic value from

18 the disclosure or use of the information in DiscoverOrg's database.

19 20. DiscoverOrg has taken reasonable measures to protect keep the

20 information in its database secret by limiting access to those customers who agree

21 to the terms of the access in the licensing agreement, and requiring password

22 authentication to access the database through its secure online portal. DiscoverOrg

23 also does its best to monitor access to the database and use of the information to

24 further ensure its security.

25 21. ValueLabs used improper means, including theft, unauthorized access to

26 a protected computer, and inducement to breach a duty to maintain secrecy, to

27 obtain access to and acquire information from DiscoverOrg's database. ValueLabs

28 knew or had reason to know at the time it obtained, and at the times it used,

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1 DiscoverOrg information that such information was obtained from persons owing

2 DiscoverOrg a duty to maintain the secrecy thereof.

3   22.   ValueLabs attempted to and did knowingly and without authorization

4 download, copy, and duplicate information from DiscoverOrg's proprietary

5 database. ValueLabs received and possessed information from DiscoverOrg's

6 proprietary database that ValueLabs knew to have been converted without

7 authorization.

8   23.   ValueLabs willfully and maliciously misappropriated DiscoverOrg's

9 trade secrets by obtaining login credentials that were not issued to ValueLabs,

10 accessing DiscoverOrg's computer systems without authorization, copying the

11 information contained therein, and using that information for ValueLabs's financial

12 gain.

13   24.   DiscoverOrg has been damaged by ValueLabs's actions through the lost

14 opportunity to realize licensing revenue and the diminution of the market value of

15 its proprietary information. ValueLabs has been unjustly enriched by the use of

16 valuable marketing and sales information without paying compensation and

17 through the consummation of business transactions that would not have occurred

18 without use of the stolen information. DiscoverOrg would, in the alternative, be

19 entitled to a reasonable royalty for ValueLabs's use of the information.

20   25.   By reason of the foregoing, ValueLabs is liable to DiscoverOrg for

21 damages and unjust enrichment or a reasonably royalty, in an amount to be proven

22 at trial. DiscoverOrg is also entitled to exemplary damages and its reasonable

23 attorney fees. Finally, DiscoverOrg is entitled to an injunction preventing

24 ValueLabs from continuing to possess or use information obtained from

25 DiscoverOrg's database.

SECOND CLAIM FOR RELIEF

(Misappropriation of Trade Secrets - RCW 19.108.010 et seq.)

26   26.   DiscoverOrg incorporates herein by reference the allegations in

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1 paragraphs 1 through 25.

2   27.   By reason of the foregoing, ValueLabs is liable to DiscoverOrg for

3 damages and unjust enrichment or a reasonably royalty, in an amount to be proven

4 at trial. DiscoverOrg is also entitled to exemplary damages and its reasonable

5 attorney fees. Finally, DiscoverOrg is entitled to an injunction preventing

6 ValueLabs from continuing to possess or use information obtained from

7 DiscoverOrg's database.

8 <center>**THIRD CLAIM FOR RELIEF**</center>

9 <center>**(Misappropriation)**</center>

10   28.   DiscoverOrg incorporates herein by reference the allegations in

11 paragraphs 1 through 27.

12   29.   DiscoverOrg gathers, organizes, generates, collects, and assembles in-

13 depth, commercially-valuable information (including reporting structures, contact

14 information, and other data) expending substantial time, labor, and expense.

15   30.   ValueLabs intentionally and without permission, accessed and copied

16 information from DiscoverOrg's database, used the stolen information for its own

17 financial gain, and profited therefrom. ValueLabs has taken a "free-ride" on

18 DiscoverOrg's skill, labor, and costly and substantial efforts in creating its

19 commercially-valuable database.

20   31.   ValueLabs's actions have damaged DiscoverOrg in the form of lost

21 profits and diminution of the market value of its database. By reason of the

22 foregoing misappropriation of DiscoverOrg's data, ValueLabs is liable to

23 DiscoverOrg for compensatory damages including wrongfully derived revenues in

24 an amount to be proven at trial.

25 <center>**FOURTH CLAIM FOR RELIEF**</center>

26 <center>**(Copyright Infringement)**</center>

27   32.   DiscoverOrg incorporates herein by reference the allegations in

28 paragraphs 1 through 31.

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1 33. DiscoverOrg's database is an original work of authorship containing

2 copyrightable subject matter for which copyright protection exists under the

3 Copyright Act. DiscoverOrg has filed for copyright registration with the United

4 States Copyright Office in compliance with 17 U.S.C. § 101 et seq. DiscoverOrg's

5 copyright was registered December 27, 2010 with registration number

6 TX0007487999.

7 34. As owner of all right, title, and interest in and to the copyrighted works,

8 DiscoverOrg is entitled to all the exclusive rights and remedies accorded by Section

9 106 of the Copyright Act to a copyright owner, including the exclusive rights to

10 reproduce the copyrighted works and to sell non-exclusive licenses to those

11 copyrighted works.

12 35. ValueLabs has gained access to and made and used copies of

13 DiscoverOrg's copyrighted material without authorization or license from

14 DiscoverOrg. ValueLabs used those copies for ValueLabs's financial gain without

15 compensating DiscoverOrg. In doing so, ValueLabs has violated DiscoverOrg's

16 exclusive rights of reproduction and distribution.

17 36. At all relevant times, ValueLabs had the responsibility and the ability to

18 supervise and monitor the actions its employees and agents, whose actions were

19 performed on its behalf and for its direct financial benefit and were within the scope

20 of their employment for ValueLabs.

21 37. With knowledge of the infringing activity, ValueLabs induced, caused,

22 facilitated, encouraged, and/or or materially contributed to the infringing conduct.

23 38. ValueLabs's acts of infringement have been willful and intentional, in

24 disregard of and with indifference to the rights of DiscoverOrg.

25 39. As a direct and proximate results of the foregoing acts, DiscoverOrg has

26 been and will continue to be harmed. DiscoverOrg is entitled to its actual damages,

27 including any and all profits due to ValueLabs's wrongful conduct, or statutory

28 damages. DiscoverOrg is also entitled to its costs, including reasonable attorney

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1 fees.

FIFTH CLAIM FOR RELIEF

(Violation of the Computer Fraud and Abuse Act)

40. DiscoverOrg incorporates herein by reference the allegations in paragraphs 1 through 39.

41. DiscoverOrg's computer system and database comprise "protected computers" within the meaning of 18 U.S.C. § 1030(e)(2).

42. ValueLabs, knowingly and with intent to defraud DiscoverOrg, accessed DiscoverOrg's protected computers without authorization and thereby obtained valuable information from such protected computers using interstate communication.

43. ValueLabs's actions constitute violations of 18 U.S.C. §§ 1030(a)(2)(C) and 1030(a)(4).

44. ValueLabs's unauthorized access of DiscoverOrg's computer system has caused loss to DiscoverOrg of more than $5,000 in value.

45. By reason of the foregoing, DiscoverOrg is entitled to compensatory damages in an amount to be determined at trial pursuant to 18 U.S.C. § 1030(g).

SIXTH CLAIM FOR RELIEF

(Trespass to Chattels)

46. DiscoverOrg incorporates herein by reference the allegations in paragraphs 1 through 45.

47. DiscoverOrg owns a computer system that houses its proprietary electronic database. DiscoverOrg grants password access to this system only to its clients.

48. ValueLabs intentionally accessed DiscoverOrg's computer system without authorization and thereby interfered with DiscoverOrg's possessory interest in its computer systems.

49. As a result of ValueLabs's trespass to DiscoverOrg's computer system,

1 ValueLabs caused damage to DiscoverOrg's database including, but not limited to,

2 the diminution in the market value of DiscoverOrg's computerized data and

3 information stored on such computer system. By reason of the foregoing,

4 ValueLabs is liable to DiscoverOrg for compensatory damages in an amount to be

5 proven at trial.

6 **SEVENTH CLAIM FOR RELIEF**

7 **(Unjust Enrichment)**

8 50.   DiscoverOrg incorporates herein by reference the allegations in

9 paragraphs 1 through 49.

10 51.   Through ValueLabs's wrongful actions described herein, ValueLabs has

11 been unjustly enriched through the use of DiscoverOrg's commercially-valuable

12 data without compensation to DiscoverOrg.

13 52.   ValueLabs is therefore liable to DiscoverOrg to the extent of such unjust

14 enrichment in an amount to be determined at trial.

15 **EIGHTH CLAIM FOR RELIEF**

16 **(Intentional Interference with Contract)**

17 53.   DiscoverOrg incorporates herein by reference the allegations in

18 paragraphs 1 through 52.

19 54.   ValueLabs was aware that access to and use of DiscoverOrg's data was

20 subject at all relevant times to restrictive license agreements between DiscoverOrg

21 and its licensees prohibiting transfer to and use by third parties.

22 55.   ValueLabs knowingly and wrongfully encouraged one or more licensees

23 of DiscoverOrg's proprietary data to transfer the same to ValueLabs in violation of

24 their license agreements.

25 56.   ValueLabs's sole purpose in encouraging this breach of contract was to

26 benefit from the commercial value of DiscoverOrg's data without compensation to

27 DiscoverOrg.

28 57.   ValueLabs unjustly profited from this breach of contract, and harmed

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1 DiscoverOrg by causing a diminution of the commercial value of DiscoverOrg's

2 data.

3   58.   By reason of the foregoing, ValueLabs is liable to DiscoverOrg for

4 compensatory damages in an amount to be proven at trial.

NINTH CLAIM FOR RELIEF

(Negligence)

7   59.   DiscoverOrg incorporates herein by reference the allegations in

8 paragraphs 1 through 58.

9   60.   At all relevant times, ValueLabs was under a duty to take reasonable care

10 in training and supervising its employees and other agents acting on its behalf.

11   61.   It was foreseeable that the failure to train and supervise employees and

12 other agents regarding appropriate methods for obtaining sales and marketing

13 information for the benefit of ValueLabs would harm a third party such as

14 DiscoverOrg.

15   62.   ValueLabs breached its duty when it failed to train and supervise its

16 employees by allowing them in the unlawful conduct set forth in this complaint. In

17 particular, ValueLabs failed to properly implement and enforce a policy prohibiting

18 such conduct, as would be required of a reasonable entity.

19   63.   As a direct and proximate result of ValueLabs's negligence, DiscoverOrg

20 has suffered damage in the form of lost profits and diminution of the market value

21 of its database. ValueLabs is liable to DiscoverOrg for compensatory damages in an

22 amount to be proven at trial.

PRAYER FOR RELIEF

24 WHEREFORE, DiscoverOrg prays for the following relief:

25   1.   Entry of judgment in its favor and against ValueLabs on all counts;

26   2.   Entry of judgment in its favor against ValueLabs on all of its claims for

27 relief that ValueLabs' unlawful conduct was willful and knowing;

28   3.   As to its first claim for relief, its actual damages and unjust enrichment or

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1   a reasonably royalty, in an amount to be proven at trial, exemplary damages, and its

2   reasonable attorney fees;

3   4.   As to its second claim for relief, its actual damages and unjust

4   enrichment or a reasonably royalty, in an amount to be proven at trial, exemplary

5   damages, and its reasonable attorney fees;

6   5.   As to its third claim for relief, compensatory damages in an amount to be

7   proven at trial;

8   6.   As to its fourth claim for relief, actual damages in an amount to be

9   proven at trial or statutory damages, plus costs including reasonable attorney fees;

10   7.   As to its fifth claim for relief, compensatory damages in an amount to be

11   proven at trial;

12   8.   As to its sixth claim for relief, compensatory damages in an amount to be

13   proven at trial;

14   9.   As to its seventh claim for relief, the amount to be proven at trial by

15   which ValueLabs has been unjustly enriched;

16   10. As to its eighth claim for relief, compensatory damages in an amount to

17   be proven at trial;

18   11. As to its ninth claim for relief, compensatory damages in an amount to be

19   proven at trial;

20   12. Exemplary damages for ValueLabs' willful and knowing infringement,

21   theft, and misappropriation;

22   13. Immediate and permanent injunctive relief enjoining ValueLabs from

23   using DiscoverOrg's trade secrets, copyrighted materials, and misappropriated

24   products or services;

25   14. An award of DiscoverOrg's costs of suit, including the costs of experts

26   and reasonable attorneys' fees as permitted by law, for example pursuant to 18

27   u.s.c. § 1832 et seq., rcw 19.108 et. Seq., and 17 u.s. code § 505;

28   15. An award of pre- and post-judgment interest; and

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1   16.   Such other relief as the court may deem just and equitable.

2

3   Dated: December 19, 2017   NEWMAN DU WORS LLP

4

5   s/John Du Wors
                                      s/Nathan Durrance
6   John Du Wors, WSBA No. 33987

7   Nathan Durrance, WSBA No. 41627

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12   Attorney for Plaintiff

13   DiscoverOrg, LLC

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